

# ModernGraham Valuation

Company Name:

Avon Products, Inc.

Company Ticker AVP

Date of Analysis

7/14/2016



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$1,749,252,815 Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.38 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-174.68% Fail
6. Moderate PEmg Ratio	PEmg < 20	-4.52 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-2.02 Fail

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.38 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.55 Fail
3. Earnings Stability	Positive EPS for 5 years prior	Fail
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Fail

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.90
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	-\$13.10
MG Value based on 0% Growth	-\$7.68
Market Implied Growth Rate	-6.51%

### MG Opinion

Current Price	\$4.08
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.27
Graham Number	\$0.00
PEmg	-4.52
Current Ratio	1.38
PB Ratio	-2.02
Current Dividend	\$0.24
Dividend Yield	5.88%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$0.03	Next Fiscal Year Estimate	-\$0.90
Dec2015	-\$2.60	Dec2015	-\$1.06
Dec2014	-\$0.88	Dec2014	-\$0.10
Dec2013	-\$0.13	Dec2013	\$0.45
Dec2012	-\$0.10	Dec2012	\$0.89
Dec2011	\$1.18	Dec2011	\$1.41
Dec2010	\$1.39	Dec2010	\$1.49
Dec2009	\$1.45	Dec2009	\$1.53
Dec2008	\$2.04	Dec2008	\$1.57
Dec2007	\$1.21	Dec2007	\$1.38
Dec2006	\$1.06	Dec2006	\$1.45
Dec2005	\$1.81	Dec2005	\$1.56
Dec2004	\$1.77	Dec2004	\$1.37
Dec2003	\$1.39	Dec2003	\$1.11
Dec2002	\$1.11	Dec2002	\$0.92
Dec2001	\$0.90	Dec2001	\$0.79
Dec2000	\$1.00	Dec2000	\$0.67
Dec1999	\$0.59	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$0.51	Total Current Assets	\$2,209,700,000
Dec1997	\$0.64	Total Current Liabilities	\$1,605,100,000
Dec1996	\$0.00	Long-Term Debt	\$2,145,000,000
		Total Assets	\$3,629,100,000
		Intangible Assets	\$94,900,000
		Total Liabilities	\$4,507,900,000
		Shares Outstanding (Diluted Average)	435,900,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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